

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 TRSE-00 FEAE-00 OPIC-06 INR-07  
/036 W

-----030533 261749Z /43

R 261630Z SEP 77  
FM AMEMBASSY LA PAZ  
TO SECSTATE WASHDC 7307  
INFO USDOC WASHDC

UNCLAS SECTION 1 OF 2 LA PAZ 7698

E.O. 11652: N/A  
TAGS: BEXP, BL  
SUBJ: FY 1978 COMMERCIAL ACTION PROGRAM (CAP)

1. CAMPAIGN NO. 1: PETROLEUM. A) CONSTRUCTION OF 32 INCH DIAMETER GAS PIPELINE FROM SANTA CRUZ, BOLIVIA TO CORUMBA, BRAZIL. VALUE OF PIPELINE AND RELATED EQUIPMENT ESTIMATED AT \$300 MILLION, OF WHICH APPROXIMATELY 80 PERCENT TO BE IMPORTED. B) MONITOR THE PROGRESS OF THE THREE REMAINING US OIL COMPANIES DRILLING IN BOLIVIA, AND OF THE STATE PETROLEUM COMPANY, YPFB, TO REPORT IMPORT REQUIREMENTS. ANNUAL MAN-DAY ALLOTMENTS: FSO4 J. CURRY, 12 MD; FSO4 R. JOHNSON, 3 MD; FSL 11 F. URQUIDI, 15 MD; FSL9 J. BILBAO, 3 MD.

2. ACTION NO. 1: F. URQUIDI WILL CONTINUE TO SEEK TRADE OPPORTUNITIES IN SUPPORT OF ABOVE PROJECTS AND FOR ALL YPFB REQUIREMENTS.

3. ACTION NO. 2: J. CURRY WILL VISIT YPFB'S MANAGEMENT TO STAY IN TOUCH WITH DEVELOPMENT PROJECTS AND PURCHASING PLANS.

4. CAMPAIGN NO. 2: PETROCHEMICALS. A) SANTA CRUZ FERTILIZER PLANT. B) PUERTO SUAREZ FERTILIZER PLANT FOR THE EXPORT OF FERTILIZER TO BRASIL. C) PETROCHEMICAL COMPLEX FEASIBILITY STUDY. D) SANTA CRUZ EXPLOSIVES PLANT (ANFO)  
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AS NEXT STEP AFTER COMPLETION OF FERTILIZER PLANT. ANNUAL MAN-DAY ALLOTMENTS: FSO4 J. CURRY, 15 MD; FSL11 F. URQUIDI, 15 MD; FSO5 R. JOHNSON, 5 MD; FSL9 J. BILBAO, 2 MD.

5. ACTION NO. 1: J. CURRY AND F. URQUIDI WILL PURSUE TRADE OPPORTUNITIES FOR EQUIPMENT AND TECHNOLOGY SALES BY US FIRMS.

6. ACTION NO. 2: J. CURRY AND F. URQUIDI WILL CONTINUE TO UPDATE A-16 OF FEBRUARY 1977 WITH REPORTS ON THE LATEST DEVELOPMENTS REGARDING ANDEAN PACT PETROCHEMICAL CONCESSIONS (DECISION 91 ALLOCATIONS).

7. CAMPAIGN NO 3: INDUSTRIAL DEVELOPMENT OF EASTERN BOLIVIA, INCLUDING MINING OF IRON ORE AND MANGANESE, CONSTRUCTION OF IRON AND STEEL PLANTS (MUTUN PROJECT), A CEMENT PLANT, AND ASSOCIATED INFRASTRUCTURE. ANNUAL MAN-DAY ALLOTMENTS: FS04 J. CURRY, 15 MD; FSO4 R. JOHNSON, 5 MD; FSL11 F. URQUIDI, 10 MD; FSL9 J. BILBAO, 5 MD; FSIA E. ECHALAR, 5 MD.

8. ACTION O 1: THE MCKEE FEASIBILITY STUDY FOR THE MUTN PROJECT IS TO BE PRESENTED TO THE BOLIVIAN GOVERNMENT (SIDERSA) IN OCTOBER, 1977. PRELIMINARY AGREEMENTS SIGNED BY PRESIDENTS BANZER AND GEISEL PROVIDE FOR THE DELIVERY OF 410,000 TONS PER YEAR OF BOLIVIAN ROLLED STEEL PRODUCTS TO BRASIL, ONCE THE MUTN STEEL MILL IS IN OPERATION. AS THIS PROJECT DEVELOPES, J. CURRY AND F. URQUIDI, ASSISTED BY R. JOHNSON AND J. BILBAO WILL REPORT TRADE OPPORTUNITIES FOR US FIRMS. SIDERSA, THE PUBLIC CORPORATION RESPONSIBLE FOR MUTUN, EXPECTS TO BEGIN SEARCHING FOR JOINT VENTURE PARTNERS AND EQUIPMENT, TECHNOLOGY SUPPLIERS EARLY IN 1978. THE TOTAL COST OF THE PROJECT HAS BEEN ESTIMATED AT \$5000 MILLION.

9. ACTION NO 2: THE COMITE DE OBRAS PUBLICAS OF SANTA CRUZ  
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IS SEEKING A \$40 MILLION LOAN FROM THE IDB FOR A 1,000 TON PER DAY CEMENT PLANT WHOSE TOTAL COST IS ESTIMATED AT \$62 MILLION. R. JOHNSON AND E. ECHALAR WILL MONITOR THE PROGRESS OF THIS PROJECT AND REPORT THE RESULTING SALES OPPORTUNITIES.

10. CAMPAIGN NO 4: AUTOMOTIVE INDUSTRY. UNDER AGREEMENTS SIGNED BY ANDEAN PACT MEMBERS SEPTEMBER 12, 1977, BOLIVIA HAS BEEN GRANTED THE RIGHTS TO PRODUCE THE FOLLOWING VEHICLES: A) A-3 AUTOS WITH ENGINES FROM 1,500 TO 2,000 CC. WITH THE AUTHORIZATION OF VENEZUELA, BOLIVIA WILL ASSEMBLE THESE VEHICLES FOR ITS DOMESTIC MARKET. B)A-4, AUTOS WITH ENGINES OF 2,000 CC AND ABOVE.BY THE TERMS OF A BILATERAL AGREEMENT WITH VENEZUELA, BOLIVIA WILL ASSEMBLE THESE VEHICLES FOR ITS DOMESTIC MARKET AND FOR THE PERUVIAN MARKET. C) FOUR-WHEEL DRIVE "JEEPS" UP TO 2,500 KILOS WITH GASOLINE ENGINES, AND UP TO 2,700 KILOS WITH DEISEL ENGINES. THESE VEHICLES WILL BE ASSEMBLED FOR THE DOMESTIC MARKET UNDER AN ACCORD WITH COLOMBIA. D) B-1 TRUCKS UP TO 3 TONS GROSS VEHICLE WEIGHT WILL BE MANUFACTURED EXCLUSIVELY IN BOLIVIA FOR THE ENTIRE ANDEAN MARKET. THESE VEHICLES WILL INCLUDE THE FOLLOWING MAJOR COMPONENTS TO BE PRODUCED IN BOLIVIA: GASOLINE ENGINES, TRANSMISSIONS, AND STEERING MECHANISMS. BOLIVIA HAS GRANTED COLOMBIA AND VENEZUELA

ASSEMBLY RIGHTS FOR THESE VEHICLES, PROVIDED THE ABOVE MENTIONED MAJOR COMPONENTS ARE OF BOLIVIAN ORIGIN. E) B-2 TRUCKS OF 9.3 TO 17 TONS GROSS VEHICLE WEIGHT WILL BE ASSEMBLED IN BOLIVIA FOR THE INTERNAL MARKET.

11. PRODUCTION OF THE VEHICLES LISTED IN PARAGRAPH 10, ABOVE, IS EXPECTED TO RESULT IN THE MANUFACTURE IN BOLIVIA OF THE FOLLOWING QUANTITIES OF COMPONENTS ANNUALLY BY 1985: GASOLINE ENGINES 45,000; DEISEL ENGINES 40,000; TRANSMISSIONS 50,000; MAIN BEARINGS 10 MILLION; PISTONS 2.5 MILLION; PISTON RODS 2.5 MILLION; INDUCTION COILS 250,000; DISTRIBUTORS 450,000.

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12. ANNUAL MAN-DAY ALLOTMENTS: FSO4 R. JOHNSON 20 MD; FSL9 J. BILBAO 20 MD; FSL E. ECHALAR, 15 MD.

13. ACTION: R. JOHNSON, E. ECHALAR AND J. BILBAO WILL CONTINUE TO FOLLOW THE DEVELOPMENT OF PLANS FOR THIS INDUSTRY. AT THE PRESENT TIME THE THREE MAJOR US AUTOMATIVE MANUFACTURERS ARE COMPETING WITH MERCEDES, FIAT AND TOYOTA FOR THIS PROJECT. PROPOSALS ALREADY SUBMITTED WILL NOW REQUIRE REVISION TO REFLECT THE CHANGE IN BOLIVIA'S ASSIGNMENTS, AND EVERY EFFORT WILL BE MADE TO SUPPORT THE US COMPANIES IN COFADENA, THE PUBLIC CORPORATION RESPONSIBLE FOR THE AUTOMATIVE PROGRAM, AND IN THE MINISTRY OF COMMERCE AND INDUSTRY. AS THE PROGRAM DEVELOPS, WE WILL PURSUE TRADE OPPORTUNITES FOR EQUIPMENT SALES.

14. CAMPAIGN NO 5: RAILROAD REHABILITATION. THE BOLIVIAN STATE RAILROAD CORPORATION (ENFE) HAS RECEIVED AN ADDITIONAL \$32 MILLION WORLD BANK LOAN FOR THE PURCHASE OF EQUIPMENT FOR THE THIRD PHASE OF ITS RAILROAD REHABILITATION PROGRAM. ANNUAL MAN-DAY ALLOTMENTS: FSO4 R. JOHNSON, 5MD; FSL9

J. BILBAO, 10 MD.

15. ACTION: R. JOHNSON AND J. BILBAO WILL CONTINUE TO REPORT THE GOVERNMENT TENDERS ASSOCIATED WITH THIS PROGRAM. IN ADDITION THEY WILL DEVELOP INFORMATION CONCERNING THE PROPOSED UNCLASSIFIED

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FOURTH PHASE OF THE RAILROAD REHABILITATION EFFORT.

16. CAMPAIGN NO 6: CONSTRUCTION OF NEW AIRPORTS AND ACQUISITION OF OPERATIONAL AND MAINTENANCE EQUIPMENT FOR EXISTING AIRPORTS. IN LA PAZ 1565, 4637 AND 5728, WE SUBMITTED INFORMATION CONCERNING THE PLANNED CONSTRUCTION OF NEW AIRPORTS IN SANTA CRUZ, TARIJA, AND OTHER CITIES IN BOLIVIA. ANNUAL MAN-DAY ALLOTMENT: FSO6 N. SCHALK 7 MD; FSL E. ECHALAR, 10 MD; FSO4 R. JOHNSON, 3 MD.

17. N. SCHALK AND E. ECHALAR WILL CONTINUE TO SUBMIT TRADE OPPORTUNITIES FOR AIRPORT DESIGN, CONSTRUCTION AND MODERNIZATION.

18. CAMPAIGN NO 7: REGIONAL DEVELOPMENT CORPORATIONS. BOLIVIA'S REGIONAL DEVELOPMENT CORPORATIONS IN MANY CASES FUNDED BY OIL AND MINERAL REVENUES, ARE UNDERTAKING MAJOR PROJECTS THAT OFFER SUBSTANTIAL OPPORTUNITIES OF US EXPORTERS. THE MOST IMPORTANT OF THESE ENTITIES, THE COMITE DE OBRAS PUBLICAS DE SANTA CRUZ, HAS RECENTLY PURCHASED APPROXIMATELY \$5 MILLION WORTH OF EQUIPMENT IN THE US, AS PART OF A \$36 MILLION PROJECT. ANNUAL MAN-DAY ALLOTMENT: FSO4 R. JOHNSON, 10 MD; FSL E. ECHALAR, 5 MD; FSL9 J. BILBAO, 5 MD.

19. ACTION: R. JOHNSON, E. ECHALAR AND J. BILBAO, ASSISTED BY ALL OTHER MEMBERS OF THE POL/ECON SECTION, WILL MAINTAIN CONTACT WITH THE DEVELOPMENT CORPORATIONS IN PURSUIT OF SALES LEADS FOR US FIRMS.

20. CAMPAIGN NO 8: SALE OF MACHINERY, TECHNOLOGY TO THE MINING AND CONSTRUCTION INDUSTRIES. ANNUAL MAN-DAY ALLOTMENT: FSO4 J. CURRY, 5 MD; FSO4 R. JOHNSON, 3 MD; FSL11 F. URQUIDI, 10 MD.

21. ACTION: CURRY, JOHNSON AND URQUIDI WILL CONTINUE TO UNCLASSIFIED

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PURSUED LEADS DEVELOPED DURING THE SUCCESSFUL MINING EQUIPMENT TRADE MISSION AND TO HELP MISSION MEMBERS DEVELOP BUSINESS IN BOLIVIA. IN ADDITION, J. CURRY AND F. URQUIDI, THROUGH THEIR CONTACTS WITH COMIBOL AND THE PRIVATE MINERS WILL CONTINUE TO

REPORT TRADE OPPORTUNITIES IN THIS SECTOR.

22. CAMPGIN NO 9: SALE OF AGRICULTRUAL MACHINERY AND SERVICES.  
ANNUAL MAN-DAY ALLOTMENTS: FSO6 N. SCAHALK, 15 MD; FSL11 H. SOLARES,  
20 MD; FSO4 R. JOHNSON, 9 MD, FSR7 P. BRADLEY, 15 MD; FSL9  
J. BILBAO, 5 MD.

23. ACTION NO 1: N. SCHALK WILL CONTINUE TO REPORT  
COMMODITY SALES OPPORTUNITIES.

24. ACTION NO 2: R. JOHNSON, N. SCHALK'S SUCCESSOR, P.  
BRADLEY, SOLARES, AND J. BILBAO WILL PREPARE PROGRAMS IN LA PAZ  
AND SANTA CRUZ FOR THE ILLINOIS IOGA TRADE MISSION (AGRICULTURAL  
EQUIPMENT) WHICH IS TENTATIVELY SCHEDULED FOR THE SPRING OF  
1978.

25. ALL POL/ECOM SECTION MEMBERS WILL CONTINUE TO PURSUE  
AGRICULTURAL TRADE OPPORTUNITIES.

26. CAMPAIGN NO 10: COMATT, TOGETHER WITH OTHER MEMBERS OF  
THE POL/ECOM SECTION WILL PREPARE RECOMMENDATIONS CONCERNING  
US PARTICIPATION IN THE SANTA CRUZ INDUSTRIAL FAIR TO BE HELD  
IN THE FALL OF 1978.  
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## Message Attributes

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